NTINGA O. R. TAMBO DEVELOPMENT AGENCY

A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY
In terms of the Municipal Systems Act
Provincial Gazette Number 1603- 22 September 2006

FINANCIAL STATEMENTS

30 JUNE 2016

NTINGA O. R. TAMBO DEVELOPMENT AGENCY

(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)

PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

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PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Alternative Service Delivery arm of the parent municipality, O.R. Tambo District Municipality.

LEGAL FORM

A municipal entity of the O.R. Tambo District Municipality as defined by the Municipal Structures Act. (Act no 117 of 1998)

CHIEF EXECUTIVE OFFICER

Mr. M.H.Y. Zungula

CHIEF FINANCIAL OFFICER

Mr. L Mbiko

REGISTERED OFFICE

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha

EXTERNAL AUDITORS

Auditor General of South Africa (EC)

PRINCIPAL BANKERS

First National Bank

MOST RELEVANT LEGISLATION

Constitution of the Republic of South Africa (Act no. 108 of 1996)
Local Government: Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Amendment Act (Act no. 15 of 2015)
The Income Tax (Act no. 58 of 1962)
Value Added Tax (Act no. 89 of 1991)
Local Government: Municipal Structures Act (Act no 117 of 1998)
Local Government: Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations of 2001 issued in terms Local Government: Municipal Systems Act (Act no. 32 of 2000)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005 issued in terms of Local Government: Municipal Finance Management Act (Act no. 56 of 2003)
South African Local Government Bargaining Council - Collective Agreement on Leave

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required, by the Municipal Finance Management Act (MFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and the (MFMA), and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the Entity's annual financial statements.

The annual financial statements set out on pages 3 to 59, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Mr. L. Mbiko
(Chief Financial Officer)

24 November 2016
Date

Mr. M.H.Y. Zungula
(Chief Executive Officer)

24 November 2016
Date

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DIRECTORS REPORT

The directors submit their report for the year ended 30 JUNE 2016

1 Main business and operations

The Ntinga O.R. Tambo Development Agency, a municipal entity established by the O.R. Tambo District Municipality (ORTDM) performs activities which falls within the functions and powers of district municipalities as contemplated in Section 84(1) of the Municipal Structures Act, 1998 (Act 117 of 1998), in particular Section 84 (1).

2 Taxation

Due to the conversion on 1 July 2009 to a service utility, the Entity is not subject to taxation in terms of Section 10(1)(cA) of the Income Tax Act.

3 Board of Directors

The directors of the Entity were as follows:

Name	Nationality	Appointment date	Resignation date
Mr. S. Mase (Chair)	RSA	01 March 2015	
Mr S. Mampofu	RSA	01 March 2015	December 2015
Mr M. Msiwa	RSA	01 March 2015	
Mrs U. Mkize	RSA	01 March 2015	
Mr J. Tshabalala	RSA	01 March 2015	February 2016
Dr L. Ndabeni	RSA	01 March 2015	
Prof. L. Majova-Songca	RSA	01 March 2015	
Ms N. Bam	RSA	27 January 2016	
Dr. N.L. Ndudane	RSA	01 June 2016	

4 Entity Company Secretary

The Company Secretary for the year was Ms N Mningiswa who was appointed in September 2006.

5 Business Address:

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100

6 Physical Address:

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100

7 Postal Address:

P.O. Box 1134, Mthatha, 5100

8 Members of the Audit, Risk and Corporate Governance Committee (ARCGC)

The members of the ARCGC were as follows:-

Prof. L. Majova-Songca (Chair)	
Mrs U. Mkize	
Mr M. Msiwa	
Mrs N. Makuni	Appointed on 27 January 2016

9 Members of the Human Resource and remuneration committee

The members of the Human Resource and Remuneration Committee were as follows:-

Mrs U. Mkize (Chair)	
Mr J. Tshabalala	Resigned in February 2016
Dr L. Ndabeni	
Mr S. Mampofu	Resigned in December 2015
Ms N. Bam	Appointed on 27 January 2016
Dr. N.L. Ndudane	Appointed on 01 June 2016

10 Members of the Strategic, Development and Investment Committee

The members of Strategy Development and Investment Committee were as follows:-

Mr M. Msiwa (Chairperson)	
Dr L. Ndabeni	
Mr S. Mampofu	Resigned in December 2015
Mr J. Tshabalala	Resigned in February 2016
Ms N. Bam	Appointed on 27 January 2016
Dr. N.L. Ndudane	Appointed on 01 June 2016

11 Nature of business activities

The activities of the Entity include the following:

- Intergrated Development Plan;
- Potable Water Supply Systems;
- Domestic and Industrial Waste-water and Sewage Disposal Systems;
- Fresh Produce Markets and Abattoirs;
- Local Tourism Promotion;
- Municipal Public Works;
- Collection of taxes, Levies and Duties, and
- Discretionary Activities (which includes):
    (a) Adam Kok Farms.
    (b) Ikhwezi Dairy Farm.
    (c) Umzikantu Red Meat Abattoir.
    (d) Enterprise Development Centre (EDC), and
    (e) Any other project/s that will be assigned by the parent municipality over the next three years (subject to it being adequately funded as per MFMA).

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DIRECTOR'S REPORT (continued)

12 Financial results

The Entity made a deficit of R 857,614.00 (2015, surplus R 3,685,555). This is after depreciation and impairment amount of R 1,222,893 (2015 827,816). Current ratio is 4,29:1 and has improved drastically compared with 2015 (2.95:1).

13 Legal form of the entity

The Entity is a Service Utility in terms of the Municipal Systems Act

14 Going concern

The Entity will continue as a going concern in the future. There will be continued support from the O.R. Tambo District Municipality.

15 Post balance sheet events

The Entity registered with the Companies and Intellectual Property Commission (CIPC), as a State Owned Company with effect from 23 June 2016. Conversion from a Service Utility to a State Owned Company became effective on 11 August 2016. A Council Resolution has been taken to disestablish Kei Fresh Produce Market an incorporate it under Ntinga.

16 Holding Entity

The holding entity is the O.R. Tambo District Municipality.

17 External Auditors

Auditor General of South Africa (Eastern Cape) will continue in office in accordance with the MFMA.

18 Website www.ntinga.org.za

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	30 JUNE 2016 R (Actual)	2015 R (Restated)
ASSETS			
Current Assets		**31,214,164**	**36,318,151**
Cash and Cash Equivalents	2	30,240,288	29,934,387
Receivables from exchange transactions	3	1,600	3,497
Inventory	4	96,547	435,454
Receivables from non-exchange transactions	5	875,729	498,420
Unpaid Conditional Government Grants and Receipts	5	-	5,446,394
Non-Current Assets		**4,191,993**	**5,205,939**
Property, Plant and Equipment	7	3,526,997	4,531,567
Intangible Assets	8	37,294	65,597
Biological Assets	9	627,701	608,775
Total Assets		**35,406,157**	**41,524,091**
NET ASSETS AND LIABILITIES			
Current Liabilities		**6,887,554**	**12,147,874**
Payables from exchange transactions	11	2,470,783	1,905,510
Payables from non-exchange transactions	12	446,973	446,973
Unspent Conditional Government Grants and Receipts	13	452,730	6,466,961
Current Employee benefits	14	3,325,072	2,994,952
Current Portion of Long-term Liabilities	16	-	39,973
Taxes	6	191,996	293,505
Non-Current Liabilities		-	-
Long-term Liabilities	16	-	-
Net Assets		**28,518,603**	**29,376,217**
Accumulated Surplus		28,518,603	29,376,217
Total Net Assets and Liabilities		**35,406,157**	**41,524,091**

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016 (Actual) R	2015 (Restated) R	Correction of error R	2015 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**38,324,034**	**39,803,125**		**39,803,125**
Grants Revenue		**38,324,034**	**39,803,125**		**39,803,125**
Government Grants and Subsidies	17	38,324,034	39,803,125		39,803,125
Revenue from Exchange Transactions		**5,581,759**	**5,008,243**		**5,008,243**
(176,651)					
Interest Earned - external investments		2,165,234	1,705,759		1,705,759
Other Income	18	3,247,895	2,977,757		2,977,757
Adjustments to Biological Assets	19.1	5,295	8,400		8,400
Gain on disposal of Property, Plant and Equipment		163,336	316,327		316,327
Total Revenue		**43,905,794**	**44,811,368**		**44,811,368**
EXPENDITURE					
Employee related costs	20	21,872,770	20,499,649	4,600	20,495,049
Board of directors related costs	21	719,398	553,648		553,648
Debt Impairment	22	61,391	-		-
Depreciation and Amortisation	23	777,932	827,816		827,816
Impairments - Property, Plant and Equipment	23	444,961			-
Repairs and Maintenance		142,886	210,018		210,018
Finance Charges	25	53,130	56,023		56,023
Grants and Subsidies	26	5,400,000	3,325,656		3,325,656
Operating Grant Expenditure	27	9,879,319	10,979,585	(11,000)	10,990,585
General Expenses	28	5,332,720	4,484,218		4,484,218
Loss on disposal of Property, Plant and Equipment		-	-		-
Adjustments to Biological Assets	19.2	78,900	189,200		189,200
Total Expenditure		**44,763,407**	**41,125,813**	**(6,400)**	**41,132,213**
NET (DEFICIT)/SURPLUS FOR THE PERIOD		**(857,614)**	**3,685,555**	**6,400**	**3,679,155**

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2014	**25,554,420**	**25,554,420**
Net Deficit for the year	3,685,555	3,685,555
Balance at 30 JUNE 2015	**29,239,975**	**29,239,975**
Correction of error note 29.1	136,242	136,242
Restated Balance at 30 JUNE 2015	29,376,217	29,376,217
Net Deficit for the period	(857,614)	(857,614)
Correction of error note 29.1	-	
Balance at 30 JUNE 2016	**28,518,603**	**28,518,603**

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016 R	30 JUNE 2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Grants and public contributions		43,770,428	33,956,818
Sales of goods and services		2,811,091	4,241,672
Interest received		2,165,234	1,705,759
Payments			
Suppliers		(20,236,365)	(16,821,705)
Employees and directors		(22,592,168)	(21,085,726)
Finance charges		(53,130)	(56,023)
Transfers and Grants		(5,400,000)	(3,325,656)
Cash generated by operations	30	**465,090**	**(1,384,861)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(330,387)	(824,489)
Proceeds on Disposal of Fixed Assets		303,967	820,685
Purchase of Biological assets		(152,981)	-
Proceeds on Disposal of Biological assets		60,186	282,000
Net Cash from Investing Activities		**(119,216)**	**278,196**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(39,973)	(83,413)
Net Cash from Financing Activities		**(39,973)**	**(83,413)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**305,901**	**(1,190,079)**
Cash and Cash Equivalents at the beginning of the year		29,934,387	31,124,466
Cash and Cash Equivalents at the end of the period	31	30,240,288	29,934,387
NET INCREASE IN CASH AND CASH EQUIVALENTS		**305,901**	**(1,190,079)**

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash and cash equivalents	30,240,288	23,679,023	6,561,265	More than anticipated interest revenue was generated. There were savings in certain expenditure budgets and there was also underspendig in some projects.
Receivables from exchange transactions	1,600	7,000	(5,400)	There were lower than expected slaughter services provided for key clients such as Department of Correctional Services.
Inventory	96,547	110,000	(13,453)	There was over-estimation of inventory that would remain at hand by the end of the financial year.
Receivables from non-exchange transactions	875,729	520,000	355,729	The variance is mainly attributed to social facilitation invoices submitted to the parent municipality towards the year end. Original estimates were that social facilitation work would be done, invoiced and paid for before the end of the financial year.
Total current assets	31,214,164	24,316,023	6,898,141	
Non current assets				
Property, plant and equipment	3,526,997	4,598,664	(1,071,667)	Some of the assets that were to be purchased by year end were not. They were procured after year end. Furthermore, the budget did not take into account the asset impairment.
Intangible Assets	37,294	51,272	(13,978)	Due to high than expected prices, plans to acquire new computer software were revised.
Biological Assets	627,701	608,775	18,926	There were more deaths of livestock than originally anticipated.
Total non current assets	4,191,993	5,258,711	(1,066,718)	
TOTAL ASSETS	35,406,157	29,574,734	5,831,423	
NET ASSETS AND LIABILITIES				
Current liabilities				
Payables from exchange transactions	2,470,783	90,000	2,380,783	We planned to settle almost all liabilities within the 2015/2016 financial year. Due to delays by some suppliers in sending us invoices we were unable to do so. Some of the goods or services were procured or rendered towards the end of the financial year hence related invoices were only paid after year end.
Payables from non-exchange transactions	446,973	-	446,973	This amount was to be settled during the financial year. However, we were advised by SURUDEC to delay making payment due to issues that needed to be resolved with the recepient bank account.
Unspent Conditional Government Grants and Receipts	452,730	-	452,730	There were delays in implementing some of the projects. This is partly attributed to inadequate staffing in certain departments.
Current Employee benefits	3,325,072	2,800,000	525,072	Some employees did not take their annual leave credits hence the variance. However, leave provision was limited to a maximum of 48 days per employee.
Current portion of long term liability	-	15,000	(15,000)	No new borrowings were entered into during the financial year. Assets acquired were financed through internally generated funds.
Taxes	191,996	290,000	(98,004)	This relates mainly to the invoice for water schemes operators which was not anticipated when budgeting.
Total current liabilities	6,887,554	3,195,000	3,692,554	
Non current liabilities				
Long-term liabilities	-	-	-	
Total non current liabilities	-	-	-	
TOTAL LIABILITIES	6,887,554	3,195,000	3,692,554	
NET ASSETS	28,518,603	26,379,734	2,138,869	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	28,518,603	26,379,734	2,138,869	
TOTAL COMMUNITY WEALTH/EQUITY	28,518,603	26,379,734	2,138,869	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Original Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash and Cash equivalents	18,079,660	5,599,363	23,679,023	Original estimates that a number of liabilities would be settled by year end were revised. Adjustment to cash and cash equivalents mainly relates to such revision.
Receivables from exchange transactions	-	7,000	7,000	Adjustment was due to revision in original estimates that accounts receivable would be collected by year end.
Inventory	110,000	-	110,000	There was no budget adjustment.
Receivables from non-exchange transaction:	-	520,000	520,000	Adjustment was due to revision in original estimates that accounts receivable would be collected by year end.
Total current assets	**18,189,660**	**6,126,363**	**24,316,023**	
Non current assets				
Property, plant and equipment	3,893,000	705,664	4,598,664	Funds generated from previous disposals of assets were applied into the budget for acqusition of new assets.
Intangible Assets	80,000	(28,728)	51,272	Plans to acquire new computer software were revised.
Biological Assets	600,000	8,775	608,775	Adjustment is immaterial.
Total non current assets	**4,573,000**	**685,711**	**5,258,711**	
TOTAL ASSETS	**22,762,660**	**6,812,074**	**29,574,734**	
LIABILITIES				
Current liabilities				
Payables from exchange transactions	-	90,000	90,000	Original estimate that account payables would be settled by year end was revised.
Current Employee benefits	-	2,800,000	2,800,000	Original estimate that the balance would be settled by year end was revised. Initially we estimated that following the conversion to SOC, staff would be paid out their leave balances.
Current portion of long term liability	50,000	(35,000)	15,000	No new leases were entered into hence the downward adjustment.
Taxes	-	290,000	290,000	Original estimate that VAT payment would be made by year end was revised.
Total current liabilities	**50,000**	**3,145,000**	**3,195,000**	
Non current liabilities				
Long-term Liabilities	-	-	-	
Total non current liabilities	-	-	-	
TOTAL LIABILITIES	50,000	3,145,000	3,195,000	
NET ASSETS	22,712,660	3,667,074	26,379,734	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	22,712,660	-	26,379,734	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	22,712,660	-	26,379,734	

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Revenue from Non-exchange Transactions	**38,324,034**	**38,468,864**	(144,830)	
Government Grants and Subsidies	38,324,034	38,468,864	(144,830)	Certain grants allocated for projects were not spent in full hence the related revenue was not recognised. Unspent amount is not recognised as revenue but as a liability at year end.
Revenue from Exchange Transactions	**6,581,759**	**6,591,109**	**(9,350)**	
Interest Earned - external investments	2,165,234	1,400,000	765,234	There were savings in certain expenditure items. Due to that accummulated cash reserves that were to be used to fund the 2015/2016 budget were not used. Better than expected interest rates were obtained from financial institutions.
Other Income	3,247,895	4,191,109	(943,214)	This is mainly attributed to social facilitation work and related invoicing of the parent municipality which started later than anticipated.
Adjustments to Biological Assets	5,295	-	5,295	There was no budget amount for births of livestock.
Gain on disposal of Property, Plant and Equipment	163,336	60,000	103,336	More redundant assets were disposed than originally anticipated.
Total Revenue	**43,905,794**	**44,059,973**	**(154,179)**	
EXPENDITURE				
Employee related costs	21,872,770	23,070,661	(1,197,891)	Vacancies that occurred during the year were not filled timeously.
Board of directors related costs	719,398	964,476	(245,078)	Few than anticipated meetings were convened. However, planned activities such as conversion to a State Owned Company were achieved.
Debt Impairment	81,391	-	81,391	This ralates to old accounts receivables for which recoverability is uncertain.
Depreciation and Amortisation	1,222,893	776,229	446,664	Budget was only for depreciation and not impairment loss on assets.
Repairs and Maintenance	142,886	140,000	2,886	There were few than originally anticipated assets that required repairs. A decision was taken to buy new assets.
Finance Charges	53,130	40,000	13,130	
Grants and Subsidies	5,400,000	5,400,000	-	There is no variance of this item. The full amount was transferred to Kei Fresh Produce Market.
Operating Grant Expenditure	9,879,319	10,852,781	(973,462)	Some project funds were not spent in full.
General Expenses	5,332,720	5,729,668	(396,948)	This relates to savings in certian operations budgets. Major contributors are telephone as well as consultancy and professional fees in the human resources department. Human resources strategy was developed in-house instead of making use of external service providers are originally planned.
Adjustments to Biological Assets	78,900	-	78,900	There was no budget this item which relates to deaths of livestock.
Total Expenditure	**44,763,407**	**46,973,815**	**(2,210,408)**	
NET SURPLUS / (DEFICIT) FOR THE PERIOD	**-857,614**	**-2,913,842**	**2,056,228**	

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Revenue from Non-exchange Transactions	35,985,216	2,483,648	38,468,864	
Government Grants and Subsidies	32,085,216	6,383,648	38,468,864	Balances left unspent at the end of 2014/2015 financial year were added into the budget. Parent municipality increased budget allocation to Kei Fresh Produce Market by R4.1m.
Public Contributions and Donations	3,900,000	(3,900,000)	-	There were indications that R2.2m for crop production and R1.7m from Lefa La Rona Trust was not going to be received hence the downward adjustment.
Revenue from Exchange Transactions	2,290,000	3,361,109	5,651,109	
Interest Earned - external investments	800,000	600,000	1,400,000	With the original budget a conservative approach was adopted when budgeting for interest to be received on invested funds. During the year there were indications that more interest would be generated hence the adjustment.
Other Income	1,430,000	2,761,109	4,191,109	During the year, the Entity was appointed by the parent municipality to perform social facilitation services. Due to good performance, abattoir revenue was adjusted upwards. There was excess maize from the one ploughed for livestock feed which was sold. The Entity received R300 000 before VAT from Anglo Gold Ashanti.
Gain on disposal of Property, Plant and Equipment	60,000	-	60,000	There was no adjustment.
Total Revenue	38,275,216	5,844,757	44,119,973	
Employee related costs	25,252,852	(2,182,191)	23,070,661	Budget vacant positions were not filled hence the downward adjustment.
Board of directors related costs	500,000	464,476	964,476	A new sub-committee of the Board of Directors was established. Moreover, the Interim Board and its sub-committees were expected to meet frequently in order to conclude the conversion of the Entity from Service Utility to a State Owned Company.
Depreciation and Amortisation	-	776,229	776,229	A budget provision was made to cater for future replacement, refurbishment and renewal of assets.
Repairs and Maintenance	195,000	(55,000)	140,000	Instead of repairing some of the old assets, a decision was taken to buy new ones.
Finance Charges	-	40,000	40,000	The budget was mainly intended for interest incurred on water accounts issued by the parent municipality
Grants and Subsidies	1,300,000	4,100,000	5,400,000	Parent municipality increased the budget allocation for Kei Fresh Produce Market.
Operating Grant Expenditure	9 637,926	1,214,855	10,852,781	Adjustment is mainly due to social facilitation work for which the Entity was appointed to perform on behalf of the parent municipality.
General Expenses	4 376,000	1,353,668	5,729,668	Material adjustments were on audit fees, consultancy and staff subsistence and travelling. Original budget for audit fees was increased based on the budget submitted by Auditor General. Consultancy fees were for valuation of assets which was originally anticipated to be done during 2014/2015 financial year. Due to budget constraints insufficient budgets were allocated to a number of operational items hence the upward adjustments during the year.
Total Expenditure	41,261,778	5,712,037	46,973,815	
NET SURPLUS / (DEFICIT) FOR THE PERIOD	-2,986,562	132,720	-2,853,842	

NTINGA O. R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Grants and public contributions	43,770,428	43,915,258	(144,830)	Certain grants allocated for projects were not spent in full hence the related revenue was not recognised.
Sales of goods and services	2,811,091	4,504,881	(1,693,790)	Social facilitation work started late and some of the invoices were only paid by the parent municipality after year end.
Interest received	2,165,234	1,400,000	765,234	There were savings in certain expenditure items. Due to that accummulated cash reserves that were to be used to fund the 2015/2016 budget were not used. Lastly, a conservative approach was adopted when budgeting for interest to be received on invested funds.
Payments				
Suppliers	(20,236,365)	(26,710,870)	6,474,505	This relates to savings in certian operations budgets. Major contributors are telephone as well as consultancy and professional fees in the human resources department. Human resources strategy was developed in-house instead of making use of external service providers are originally planned. Some of the project funds were not spent in full. Other suppliers were not paid by year hence they were accrued for.
Employees and directors	(22,592,168)	(23,070,661)	478,493	Vacancies that occurred during the year were not filled timeously.
Finance charges	(53,130)	(40,000)	(13,130)	
Transfers and Grants	(5,400,000)	(5,400,000)	-	
Cash generated by operations	465,090	(5,401,392)	5,866,482	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(330,387)	(889,000.00)	558,613	Due to challenges experienced during procurements, there were delays in acquiring most of the assets. Such challenges include capacity constraints by certain suppliers.
Proceeds on Disposal of Fixed Assets	303,967	60,000	243,967	More redundant assets were disposed than originally anticipated.
Purchase of Biological assets	(152,981)	-	(152,981)	Acquisition of biological assets were partly financed through proceeds on disposal of other assets as well as shifting of funds from other budget items.
Proceeds on Disposal of Biological assets	60,186	-	60,186	This was not part of the budget.
Net Cash from Investing Activities	(119,216)	(829,000)	709,784	
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans repaid	(39,973)	(24,973)	(15,000)	Variance is immaterial.
Net Cash from Financing Activities	(39,973)	(24,973)	(15,000)	
NET DECREASE IN CASH AND CASH EQUIVALENTS	305,901	(6,255,365)	6,561,266	
Cash and Cash Equivalents at the beginning of the year	29,934,387	29,934,388	(1)	
Cash and Cash Equivalents at the end of the year	30,240,288	23 679,023	6,561,265	Accumulated cash reserves were not applied to fund the 2015/2016 budget as originally anticipated. Furthermore, there were savings and underspending in certain budget items.
NET DECREASE IN CASH AND CASH EQUIVALENTS	305,901	(6,255,365)	6,561,266	

NTINGA O. R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Original Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Grants and public contributions	33,785,216	10,130,042	43,915,258	Adjustment was due to budget rollovers and increase in Kei Fresh Produce Market budget allocation. Portion of grant owed by the parent municipality at the end of 2014/2015 financial year was received.
Sales of goods and services	3,630,000	874,881	4,504,881	Due to good performance, budget for abattoir revenue was adjusted upwards.
Interest received	800,000	600,000	1,400,000	With the original budget a conservative approach was adopted when budgeting for interest to be received on invested funds. During the year there were indications that more interest would be generated hence the adjustment.
Payments		-		
Suppliers and Employees	(42,145,556)	(7,635,975)	(49,781,531)	Adjustment relates to budget rollovers as well as increases in other expenditure items such as purchases of plant and equipment.
Finance charges	-	(40,000)	(40,000)	The budget was mainly intended for interest incurred on water accounts issued by the parent municipality.
Transfers and Grants	(1,300,000)	(4,100,000)	(5,400,000)	Parent municipality increased the budget allocation for Kei Fresh Produce Market.
Cash generated by operations	(5,230,340)	(171,052.00)	(5,401,392.00)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(90,000)	(799,000)	-889000	Funds generated from previous disposals of assets were applied into the budget for acqusition of new assets.
Proceeds on Disposal of Fixed Assets	60,000	-	60,000	This item was not adjusted.
Net Cash from Investing Activities	(30,000)	(799,000)	(829,000)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans repaid	(53,000)	28,027	(24,973)	No new leases of assets were entered into hence the downward adjustment.
Net Cash from Financing Activities	(53,000)	28,027	(24,973)	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,313,340)	(942,025)	(6,255,365)	
Cash and Cash Equivalents at the beginning of the year	23,393,000	(913,998)	29,934,388	At the time of preparing the original budget, opening bank balance was based on a estimate. It was adjusted based on the actual balance at 30 June 2015.
Cash and Cash Equivalents at the end of the year	18,079,660		23,679,023	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,313,340)		(6,255,365)	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2015 to 30 June 2016. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

1.8. LEASES

1.8.1. Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. This section equally applies to grant allocation from the parent municipality to the extent that it is allocated to specific projects. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.10. PROVISIONS

Provisions are recognised when the Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.
The Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.11. EMPLOYEE BENEFITS

1.11.1. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.11.2. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.11.3. Pension and retirement fund obligations

The Entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.12.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.12.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
Land and buildings	
Buildings	30
Other assets	
Computer hardware	5
Office equipment	5
Furniture and fittings	6
Motor vehicles	5
Tractor and other equipment	6
Network hardware	5
Plant and equipment	6
Finance lease assets	
Computer Equipment	5

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INTANGIBLE ASSETS

1.13.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Entity intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Entity or from other rights and obligations.

The Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Entity has the resources to complete the project;
- it is probable that the Entity will receive future economic benefits or service potential; and
- the Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.13.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	3

1.13.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. BIOLOGICAL ASSETS

1.14.1. Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the Entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Entity;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.14.2. Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of cattle is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.15. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.15.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Entity considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.15.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Entity considers the following indications:

(a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Entity operates.

(b) Internal sources of information
- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.16. INVENTORIES

1.16.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.16.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the first in first out method.

1.17. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.17.1. Initial Recognition

Financial instruments are initially recognised when the Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.17.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.17.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.17.2.2. *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.17.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.17.3. De-recognition of Financial Instruments

1.17.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Entity has transferred substantially all the risks and rewards of the asset, or (b) the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.17.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.17.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.18. REVENUE

1.18.1. Revenue from Non-Exchange Transactions

The Entity mainly receives its income in the form of grants (referred to as government grants) from the parent municipality, the O.R. Tambo District Municipality

Revenue from non-exchange transactions refers to transactions where the Entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the

extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Entity. Where public contributions have been received, but the Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.18.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.

- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.18.2.1. Project income

1.18.2.1.1. Maize Project

Project income represents the farmers' seasonal contribution towards annual maize production costs. This contribution matches (on a sliding scale) the Entity's own financial contribution towards maize production. Project income is recognized proportionately as the maize production activities take place at fair value.

1.18.2.1.2. Dairy Farm

Project income represents the sale of milk and related products and is recognized at fair value when the risk rewards of ownership are transferred and invoiced to the buyer.

1.19. RELATED PARTIES

The Entity resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Entity:

(a) A person or a close member of that person's family is related to the Entity if that person:
- has control or joint control over the Entity.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Entity.
- is a member of the management of the Entity or its controlling entity.

(b) An entity is related to the Entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Entity or an entity related to the Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Entity. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Entity, including:

(a) all members of the governing body of the Entity;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Entity;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Entity; and
(d) the senior management team of the Entity, including the chief executive officer or permanent head of the Entity, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Entity, being the Chairman of the Board and all other directors.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Entity being the Chief Executive Officer, Chief Financial Officer an all other managers reporting directly to the Chief Executive Officer

Remuneration of management includes remuneration derived for services provided to the Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Entity.

The Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

As a municipal entity, the Entity is fully controlled by the parent municipality the O.R. Tambo District Municipality. As a development agency of the parent municipality, the entity is inherently involved in a number of economic development operations, developmental commercial operations and community based organisations.

The entity receives grants from the O.R. Tambo District Municipality for transfer to the Kei Fresh Produce Market.

1.20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Entity or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.24. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.24.1. Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.24.2. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

1.24.3. Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Entity to determine the useful life of the assets.

1.24.4. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.24.5. Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Entity is satisfied that recognition of the revenue in the current year is appropriate.

1.24.6. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.25. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.26. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.27. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Entity discloses the nature and an estimate of the financial effect.

	2016 R	2015 R
2 CASH AND CASH EQUIVALENTS		
Assets		
Call Investments Deposits	29,104,281	28,567,899
Bank Accounts	1,126,334	1,364,452
Petty Cash Balances	9,673	2,036
Total Cash and Cash Equivalents - Assets	**30,240,288**	**29,934,387**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The entity has the following bank accounts.

	2016 R	2015 R
Current Accounts		
FNB - Account Number 62166804742 (Primary Bank Account)	1,117,621	1,283,174
FNB - Account Number 62183286890 (Salaries Account)	8,713	15,631
FNB - Account Number 62313517081 (DEAT Noghekwana Cheque)	-	30,266
FNB - Account Number 62313549167 (DEAT Ndabankulu Cheque)	-	4,435
FNB - Account Number 62257497290 (Baziya Sustainable Villages-Surudec Cheque)	-	19,101
Nedbank Account number 1020989009 (Ntinga)	-	11,845
	1,126,334	**1,364,452**
FNB - Account Number 6216680472 (Primary Bank Account)		
Cash book balance at beginning of year	1,283,174	1,744,600
Cash book balance at end of year	1,117,621	1,283,174
Bank statement balance at beginning of year	1,287,412	1,744,600
Bank statement balance at end of year	1,142,214	1,287,412
FNB - Account Number 62183286890 (Salaries Account)		
Cash book balance at beginning of year	15,631	15,758
Cash book balance at end of year	8,713	15,631
Bank statement balance at beginning of year	15,702	21,902
Bank statement balance at end of year	8,713	15,702
FNB - Account Number 62189189585 (DEAT Road Signage)		
Cash book balance at beginning of year	-	6,692
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	6,692
Bank statement balance at end of year	-	-
FNB - Account Number 62313517081 (DEAT Noghekwana Cheque)		
Cash book balance at beginning of year	30,266	27,635
Cash book balance at end of year	-	30,266
Bank statement balance at beginning of year	30,266	27,635
Bank statement balance at end of year	-	30,266
FNB - Account Number 62313549167 (DEAT Ndabankulu Cheque)		
Cash book balance at beginning of year	4,435	3,768
Cash book balance at end of year	-	4,435
Bank statement balance at beginning of year	4,435	3,768
Bank statement balance at end of year	-	4,435
FNB - Account Number 62257497290 (Baziya Sustainable Villages-Surudec Cheque)		
Cash book balance at beginning of year	19,101	21,027
Cash book balance at end of year	-	19,101
Bank statement balance at beginning of year	19,101	21,027
Bank statement balance at end of year	-	19,101

	2016	2015
	R	R
Nedbank Account number 1020989009 (Ntinga)		
Cash book balance at beginning of year	11,845	17,919
Cash book balance at end of year	-	11,845
Bank statement balance at beginning of year	11,845	17,919
Bank statement balance at end of year	-	11,845

Call Investment Deposits

Call investment deposits consist out of the following accounts:

	2016	2015
FNB Account number 62285536535 (DEAT Ndabankulu)	-	2,863,456
FNB Account number 62285539737 (DEAT Noqhekwana)	-	1,241,463
FNB Account number 62181670540 (Ntinga)	2,302,060	49,293
FNB Account number 621859015281 (Ikwezi Farm)	148,249	205,466
FNB Account number 62185096122 (Umzimkant Read Meat Abbatoir)	513,526	1,049,560
FNB Account number 62242301084 (Baziya Sustainable Villages)	-	92,825
FNB Account number 62276196617 (Maize Call Account)	-	1,107,385
FNB Account number 74465717112	-	6,275,956
FNB Call 74507438999	-	15,613,917
FNB Call 62508942407	72,549	68,578
Investec Call 50009442980)	10,633,425	-
FNB Call 62578074149	1,331,461	-
FNB Inv 74599447677	14,103,011	-
	29,104,281	28,567,899

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

		2016	2015
3.1	Projects	60,530	56,397
	Total Receivables from Exchange Transactions	60,530	56,397
	Less: Allowance for Doubtful Debts	(58,930)	(52,900)
	Total Net Receivables from Exchange Transactions	1,600	3,497

Consumer debtors are required to settle issued invoices within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Project(s): Ageing

	2016	2015
Current (0 - 30 days)	-	12,156
31 - 60 Days	1,600	-
61 - 90 Days	-	-
+ 90 Days	58,930	44,241
Total	60,530	56,397
Balances owed as follows:		
Department of Agriculture	11,504	19,175
Department of Correctional Services	47,426	45,880
O.R. Tambo District Municipality	1,600	-
Dukada	-	141

		2016	2015
3.2	**Reconciliation of Provision for Bad Debts**		
	Balance at beginning of year	52,900	128,944
	Contribution to provision/(Reversal of provision)	6,030	(76,044)
	Bad Debts Written Off	-	-
	Balance at end of year	58,930	52,900

The Provision for Impairment could be allocated between the different classes of receivables as follows:

	2016	2015
Projects	58,930	52,900
The fair value of trade receivables approximates their carrying amounts.	58,930	52,900

		2016 R	2015 R
4	**INVENTORY**		
	Opening balance	**435,454**	**897,349**
	Consumable stores	97,823	122,340
	Agricultural. (inputs, fertiliser and feed)	303,732	771,859
	Merchandise	33,900	3,150
	Additions	**149,221**	**1,613,167**
	Consumable stores	149,221	76,842
	Agricultural. (inputs, fertiliser, maize/crop and feed)	-	986,001
	Merchandise	-	550,324
	Issued (Expensed)	**(488,129)**	**(2,075,062)**
	Consumable stores	(150,497)	(101,359)
	Agricultural. (inputs, fertiliser, maize/crop and feed)	(303,732)	(1,454,129)
	Merchandise	(33,900)	(519,574)
	Closing Balance		
	Consumable stores	96,547	97,823
	Agricultural. (inputs, fertiliser, maize/crop and feed)	-	303,732
	Merchandise	-	33,900
	Total Inventory	96,547	435,454

No inventory assets were pledged as security for liabilities.

		2016 R	2015 R
5	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Other Receivables		
	Water and Sanitation Programme	336,185	-
	O.R. Tambo D.M. Water Operators	38,850	
	Kei Fresh Produce Market	-	17,544
	Staff debtors	47,457	73,436
	Overpayment	17,826	17,826
	Staff provident fund	138,987	54,479
	Prepayments - Deposits	375,267	358,617
	Sub-total	954,572	521,902
	Less: Allowance for Doubtful Debts	(78,842)	(23,482)
	Net - Other Receivables	875,729	498,420
	O.R. Tambo D.M. Grants and Receipts	-	5,446,394
	Total Net Receivables from Non-Exchange Transactions	875,729	5,944,813
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	23,482	59,579
	Contribution to provision/(Reversal of provision)	55,360	7,321
	Bad Debts Written Off	-	(43,418)
	Balance at end of year	78,842	23,482
6	**TAXES**		
6.1	**VAT PAYABLE**	191,996	469,128
	Correction of error - note 29	-	(175,623)
	VAT RECEIVABLE/(PAYABLE)	191,996	293,505
7	**PROPERTY, PLANT AND EQUIPMENT**		
	Carrying amounts	3,526,997	4,531,567
	See attached sheet		

2016 R	2015 R

Assets pledged as security:

There are no assets pledged as security

Impairment of property plant and equipment for the year
Impairment charges on Property, plant and equipment recognised in statement of financial performance

Impairment of property plant and equipment for the year
Market value was determined by external valuer. The impairment relates to assets with a book value that was higher than the market value

The effective date of the assessments and revaluation was 01 July 2015. Valuations were performed by independent professional valuer, Ms Penelope Jean Lindstrom a registered valuer in terms of Section 20(2) of the Property Valuers Profession Act (47 of 2000).

Cumulative impairment charges included in major balances

8 **INTANGIBLE ASSETS**

Computer Software

	2016	2015
Net Carrying amount at 1 July	65,597	95,057
Cost	446,353	446,353
Accumulated Amortisation	(360,808)	(331,348)
Accumulated Impairment	(19,948)	(19,948)
Additions	-	-
Amortisation	(28,303)	(29,460)
Impairments		-
Disposals	-	-
Net Carrying amount at 30 June	37,294	65,597
Cost	446,353	446,353
Accumulated Amortisation	(389,111)	(360,808)
Accumulated Impairment	(19,948)	(19,948)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value 2016 R	Carrying Value 2015 R
Microsoft Office, Windows and other software	4	37,294	65,597

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

9 **BIOLOGICAL ASSETS** (See attached sheet)

Carrying amounts	627,701	608,775

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the acquisition of biological assets.

Biological assets are located at Luwelyn Farm, Fairfield Farm, Ikwezi Dairy Farm and with O R. Tambo The primary activities revolving around biological assets are as follows:
Communities livestock breeding and heifer exchange
Breeding and milk production

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by entity staff.

10 **NON-CURRENT ASSETS HELD FOR SALE**

	2016 R	2015 R
Opening balance	-	268,947
Transferred from Property, Plant and Equipment	-	
Disposed during the financial period	-	(268,947)
Transferred to Property, Plant and Equipment		-
Closing balance	-	-

The assets will be sold on auction in the 2015/2016 financial year

11 **PAYABLES FROM EXCHANGE TRANSACTIONS**

	2016	2015
Trade Payables	366,938	165,749
Other accruals	1,760,581	1,731,259
Annual bonus	613,334	569,308
Sundry Creditors	1,147,247	1,161,951
Staff Creditors	343,264	8,503
Total Trade Payables	2,470,783	1,905,510

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

12 **PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Sustainable Villages	SURUDEC - Baziya Sustainable Village Project	446,973	446,973
Total Payables from non-exchange transactions		**446,973**	**446,973**

13 **UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent Grants	452,730	6,466,961
Provincial and National Government Grants	43,824	4,183,316
District Municipality	300,349	2,015,631
Other Grant Providers	108,557	268,014
Total Conditional Grants and Receipts	**452,730**	**6,466,961**

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. See appendix "B" for reconciliation of grants from other spheres of government. The entity complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

14 **CURRENT EMPLOYEE BENEFITS**

Provision for Staff Leave	3,325,072	2,994,952
Total Current Employee Benefits	**3,325,072**	**2,994,952**

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	2,994,951	3,031,982
Current year contribution	373,321	-
Reversal of prior year provision	-	180,094
Expenditure incurred	(43,200)	(217,125)
Balance at end of year	**3,325,072**	**2,994,951**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

15 **OPERATING LEASE ARRANGEMENTS**

Future minimum lease payments of the operating lease

Up to 1 Year	152,622	126,000
1 to 5 Years	506,219	504,000
More than 5 Years	451,500	577,500
Total Operating Lease Arrangements	**1,110,341**	**1,207,500**

The operating lease consist of an agreement entered into with Missionary Sisters of the Precious Blood over a period of 12 years. The entity leases a Dairy Farm. The latest agreement was entered into on 1 January 2013 and expires on 29 January 2025. The initial rental amount in the contract is R 10,500.00 (Including VAT).

The operating lease also consist of an agreement entered into with Technologies Acceptances (Pty) Ltd over a period of 2 years. The entity leases a Printing Equipment (Xerox 7225 C/PIS/F with Office Finisher). The latest agreement was entered into on 28 July 2015 and expires on 28 July 2017. The initial rental amount in the contract is R 2,218.50 (Excluding VAT).

The entity does not engage in any sub-lease arrangements.

The entity did not pay any contingent rent during the year.

16 LONG-TERM LIABILITIES

Capitalised Lease Liability - At amortised cost	-	39,973
	-	39,973
Current Portion transferred to Current Liabilities	-	(39,973)
Capitalised Lease Liability - At amortised cost	-	(39 973)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	-	-

Refer below for maturity dates of long term liabilities:

	Minimum lease payments	
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	-	39,973
	-	39,973
Less: Future finance obligations	-	-
Present value of lease obligations	-	39,973

Leases are secured by property, plant and equipment - Note 7

The capitalised lease liability consist out of the following contracts:

Supplier	on of	Interest rate	Annual Escalation	Lease Term	Maturity Date
Vodacom	Video Conferencing Equipment	9.0%	0%	2 Years	42,490

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

The operating lease consists of one agreement entered into with Missionary Sisters of the Precious Blood over a period of 12 years. The entity leases a Dairy Farm. The latest agreement was entered into on 1 January 2013 and expires on 29 January 2025. The initial rental amount in the contract is R 10 500 00 (Including VAT) and it escalates annually.

17 GOVERNMENT GRANTS AND SUBSIDIES

O R. Tambo District Municipality	38,144,462	39,722,751
Other grants	179,573	80,374
Total Income	38,324,034	39,803,125
Total Grants		
Opening balance	6,466,961	6,975,838
Grants received - O.R. Tambo District Municipality	36,185,216	30,506,395
Grants received - Other	381,107	175,439
Project funds - Farmers' contributions	-	485,800
Less: Cancelled projects - paid back to funder	(4,256,519)	-
Conditions met: O. R. Tambo District Municipality	(38,144,462)	(31,596,137)
Conditions met: Other grants	(179,573)	(80,374)
Conditions still to be met/(Grant expenditure to be recovered)	452,730	6,466,961
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	452,730	6,466,961
	452,730	6,466,961

		2016 R	2015 R
18	**OTHER INCOME**		
	Consulting	685,511	896,020
	SETA Levies, Tender Fees and sale of agricultural produce	343,311	112,579
	Ikwezi Dairy Farm	324,138	180,543
	Umzikantu Red Meat Abattoir	1,894,935	847,612
	Donations Received	(0)	303,999
	Prior year penalties and interests waived and refunded by SARS	-	82,481
	Decrease in provision for doubtful debts	-	68,723
	Farmers'contributions	-	485,800
	Total Other Income	**3,247,895**	**2,977,757**
19	**ADJUSTMENTS TO BIOLOGICAL ASSETS**		
19.1	**Gains**		
	Fair Value adjustments - Price changes	(2,205)	-
	Fair Value adjustments - Physical changes	7,500	8,400
		5,295	8,400
19.2	**Fair value losses**		
	Fair Value adjustments - Price changes	-	24,500
	Fair Value adjustments - Physical changes	78,900	164,700
		78,900	189,200

These biological assets adjustments relate to births and deaths of livestock.

		2016 R	2015 R
20	**EMPLOYEE RELATED COSTS**		
	Bonus	921,029	752,533
	Leave Reserve Fund	373,320	180,094
	Skills Development Levy	155,145	158,860
	Salaries and Wages	17,839,280	16,749,459
	Travel, motor car, telephone, assistance and other allowances	2,583,996	2,658,703
	Total Employee Related Costs	**21,872,770**	**20,499,649**

CONTRIBUTIONS TO PENSION AND PROVIDENT FUNDS

The Entity contributes to the Defined Contribution Provident Fund. The benefit is subject to the Pension Fund Act, 1956

	2016 R	2015 R
Contributions for the year included in employee cost	2,066,275	1,963,432

KEY MANAGEMENT PERSONNEL

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2016 R	2015 R
Remuneration of the Chief Executive Officer		
Annual Remuneration	1,120,515	1,045,643
Travel Allowance	106,131	99,188
Cellphone Allowance	41,740	39,009
Annual Bonus	84,495	72,308
Contributions to UIFand Provident Fund.	147,366	150,110
Total	**1,500,246**	**1,406,258**
Remuneration of the Chief Financial Officer		
Annual Remuneration	873,541	813,883
Travel Allowance	106,131	99,188
Cellphone Allowance	41,740	39,009
Annual Bonus	77,240	65,408
Contributions to UIFand Provident Fund.	115,126	117,594
Total	**1,213,778**	**1,135,082**

	2016 R	2015 R
Remuneration of the Senior Manager High Impact Projects		
Annual Remuneration	649,184	606,149
Travel Allowance	87,388	81,671
Cellphone Allowance	14,231	13,300
Annual Bonus	41,742	31,370
Contributions to UIFand Provident Fund.	65,346	68,275
Total	**857,891**	**800,765**

This position was occupoied by an Acting Person throughout the 2015/2016 financial year.

	2016 R	2015 R
Remuneration of the Corporate Service Manager		
Annual Remuneration	631,259	599,771
Travel Allowance	80,357	76,349
Cellphone Allowance	9,727	9,242
Annual Bonus	35,521	25,777
Contributions to UIFand Provident Fund.	53,831	58,132
Total	**810,696**	**769,271**

The above two positions were occupied by Acting Personnel throughout the 2015/2016 financial year.

	2016 R	2015 R
Remuneration of the Senior Manager Agricultural Development		
Annual Remuneration	670,571	627,156
Travel Allowance	86,580	80,916
Cellphone Allowance	23,271	21,748
Annual Bonus	63,555	28,852
Contributions to UIFand Provident Fund.	89,151	90,766
Total	**933,128**	**849,438**
Remuneration of the Company Secretary		
Annual Remuneration	669,075	623,335
Travel Allowance	99,047	92,567
Cellphone Allowance	23,271	21,748
Annual Bonus	61,324	50,095
Contributions to UIFand Provident Fund.	88,619	90,541
Total	**941,336**	**878,286**

2014/2015 amount for company contributions of key management personnel have been adjusted by excluding annual leave movements.

21 BOARD OF DIRECTORS RELATED COSTS

	R	R
Sitting allowances and re-imbursive travel costs	514,159	126,261
Accomodation and travel costs	205,240	427,387
Subscription and membership fees	-	-
Total Board of Directors related costs	**719,398**	**553,648**

Members of the Board are non-executive directors. In order to enable them to carry out their responsibilities efficiently and effectively certain members are provided with computer equipment with data bundles. Except for the Board Chairperson members are divided to serve in sub-committes.

22 DEBT IMPAIRMENT

	2016	2015
Trade Receivables from exchange transactions - Note 3	61,391	(68,723)
Trade Receivables from non-exchange transactions - Note 5	-	-
Less: Decrease in provision recognised as other income		68,723
Debt impairment recognised in statement of financial performance	**61,391**	**(0)**

23 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	749,629	798,356
Intangible Assets	28,303	29,460
	777,932	827,816

24	**IMPAIRMENTS**		
	Property Plant and Equipment	444,961	-
		444,961	-
25	**FINANCE CHARGES**		
	Capitalised Lease Liability	1,667	7,468
	Interest expenses	51,463	48,555
	Total finance charges	53,130	56,023
26	**GRANTS AND SUBSIDIES**		
	Kei Fresh Produce Market	5,400,000	3,325,656
	Total Grants and Subsidies	5,400,000	3,325,656
27	**OPERATING GRANT EXPENDITURE**		
	Anglogold Ashanti	152,336	-
	Crop production	414,024	2,110,795
	Co-operatives development support	59,080	-
	Sustainable Villages Programme	461,630	546,304
	Fundraising and resources mobilisation	149,453	3,000
	Youth Development Programme	58,507	39,800
	Adam Kok Farms	5,313,181	5,713,943
	Ndabankulu Administration	-	14,499
	Umzikantu Red Meat Abattoir	2,184,830	1,138,511
	Ikhwezi Dairy Farm	672,423	572,747
	DEAT Projects	921	53,187
	Water and sanitation social facilitation	233,922	699,926
	Small Town Regeneration	179,012	86,873
	Water Scheme Operation	0	-
		9,879,319	10,979,585

This relates to expenditure incurred on projects that are implemented by the entity.

		R	R
28	**GENERAL EXPENSES**		
	Accommodation and travel	400,643	312,173
	Advertising and promotion	112,229	147,020
	Audit fees	1,960,128	1,240,644
	Bank charges	42,097	48,983
	Bar codes	1,190	-
	Cleaning	113,914	107,667
	Courier and postage	1,568	1,455
	Consulting and professional fees	355,102	172,315
	Consumables	23,940	29,072
	Donation	-	254,684
	Commission paid	-	8,304
	Leasing Server Hosting	294,869	367,359
	Conversion to SOC	342,039	82,649
	Inventory theft & assets written off	1,986	97,289
	Insurance - assets	297,842	280,475
	Internal audit expenses	93,985	-
	Legal fees	21,542	-
	Licensing - software	100,879	73,648
	Motor vehicle expenses	268,990	527,930
	Leasing Hire Fac	54,539	50,838
	Penalties and interest on taxes	-	-
	Printing and stationary	164,320	164,494
	Staff training	318,189	119,072
	Staff welfare	-	350
	Strategic planning session	30,506	-
	Subscriptions	106,709	128,089
	Telephone and fax	198,014	251,708
	Website maintenance	27,500	18,000
	General Expenses	5,332,720	4,484,218

			2015 R
29	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
29.1	**Accumulated surplus**		
	Balance previously reported		29,233,575
	Debt payment reallocation		(8,800)
	Payments towards accruals erroneously expensed		145,042
	Sub-total		136,242
	Staff debtors: reallocation		(6,100)
	Staff debtors: reallocation of salary advance from salaries		1,500
	Amount owe reversed		11,000
			6,400
	Restated balance		29,376,217

29.2 Receivables from non-exchange transactions

Balance previously reported	503,020
Staff debtors: reallocation	(6,100)
Staff debtors: reallocation of salary advance from salaries	1,500
Restated balance	498,420

29.3 Receivables from exchange transactions

Balance previously reported	65,197
Debt payment reallocation	(8,800)
Restated balance	56,397

29.4 Payables from exchange transactions

Balance previously reported	2,074,865
Maize spraying amount payable reversed	(11,000)
Payments towards accruals erroneously expensed	(158,354)
Restated balance	1,905,511

29.5 Taxes

Balance previously reported	280,193
VAT on payments towards accruals erroneously expensed	13,312
Restated balance	293,505

30 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	(857,614)	3,679,156
Adjustments for:		
Depreciation	749,629	798,356
Amortisation of Intangible Assets	28,303	29,460
Assets Impairment	444,961	-
Adjustments to Biological Assets	73,605	180,800
Inventory losses	-	97,289
Gain on disposal of Property, Plant and Equipment	(163,336)	(316,327)
Contribution from/to employee benefits	-	-
Correction of prior year error - note 28	-	-
Increase / (Decrease) in provision for doubtful debts	61,391	(68,723)
Operating Surplus/(Deficit) before changes in working capital	336,940	4,400,011
Changes in working capital	128,150	(5,784,872)
Increase/(Decrease) in Trade and Other Payables	565,273	(1,598,850)
Increase/(Decrease) in Provisions	330,300	(37,030)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(6,014,231)	(399,913)
Increase/(Decrease) in Taxes	(101,509)	1,323,810
Decrease/(Increase) in Unpaid Conditional Grants and Receipts	5,446,394	(5,446,394)
(Increase)/Decrease in Inventory	338,907	364,606
(Increase)/Decrease in Trade and other receivables	(436,983)	8,899
Cash generated/(absorbed) by operations	465,090	(1,384,861)

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2016	2015
Call Investments Deposits - Note 2	29,104,281	28,567,899
Cash Floats - Note 2	9,673	2,036
Bank - Note 2	1,126,334	1,364,452
Total cash and cash equivalents	30,240,288	29,934,387

32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 2	30,240,288	29,934,387
	30,240,288	29,934,387
Less:	452,730	6,466,961
Unspent Committed Conditional Grants - Note 13	452,730	6,466,961
Resources available for working capital requirements	**29,787,558**	**23,467,426**

33 NON - CASH TRANSACTIONS

33.1 Additions to Property, Plant and Equipment

Purchase of property, plant and equipment - Note 7	330,387	824,490
Financed by way of finance lease	-	-
Cash movement	330,387	824,490

33.2 Loans received

New loans - Appendix A	-	-
Assets financed with finance lease	-	-
Cash movement	-	-

34 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 16	-	39,973
Used to finance property, plant and equipment - at cost	-	(39,973)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Unauthorised expenditure

There was no unauthorised expenditure for the current or previous financial years

35.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	23,298	-
Fruitless and wasteful expenditure current year	-	169,366
Amount written off by the Board of Directors	-	(141,068)
Amount recovered from the responsible person	-	(5,000)
Amount condoned by Council of the parent municipality	-	-
Fruitless and wasteful expenditure awaiting further action	**23,298**	23,298

35.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2016 R	2015 R
Opening balance	2,220	2,220
Irregular expenditure recovered	(2,220)	-
Irregular expenditure awaiting further action	-	**2,220**
Irregular expenditure awaiting condonememt from National Treasury	-	-

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 Audit fees - [MFMA 125 (1)(b)]

Opening balance	248,880	214,862
Current year audit fee	1,960,128	1,240,644
External Audit - Auditor-General	1,960,128	1,240,644
Amount paid - current year	1,918,187	(1,206,626)
Amount paid - previous year	248,880	-
Balance unpaid (included in creditors)	**41,941**	**248,880**

36.2 VAT - [MFMA 125 (1)(b)]

Opening balance	(293,506)	841,370
Refunds received from SARS - previous year	-	(576,575)
VAT payments to SARS - previous year	156,205	149,689
VAT due to SARS - current year	(3,619,194)	(3,648,438)
VAT payments made to SARS - current year	3,564,498	2,940,448
Closing balance	**(191,997)**	**(293,506)**

VAT is payable/receivable on the invoice basis.

36.3 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	6,021	305,962
Current year payroll deductions and contributions	4,578,994	4,093,629
Amount paid - current year	(4,243,987)	(4,393,570)
Balance unpaid (included in creditors)	**341,028**	**6,021**

36.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	(6,038)	164,139
Current year payroll deductions and contributions	2,430,583	2,318,033
Amount paid - current year	(2,430,583)	(2,488,210)
Balance unpaid (included in creditors)	**(6,038)**	**(6,038)**

36.5 Supply Chain Management Deviations

Impractical to follow procedures	2,946,375	2,394,113
Total	2,946,375	2,394,113

These are deviations approved by the Accounting Officer and ratified by the Board of Directors. They were also presented to the Council of the parent municipality

37 CAPITAL COMMITMENTS

	2016 R	2015 R
Commitments in respect of capital expenditure:		
Approved and contracted for:	4,047,439	1,321,841
Total commitments consist out of the following:		
- Sanitation projects	4,047,439	1,321,841
	4,047,439	**1,321,841**
This expenditure will be financed from:		
Government Grants	4,047,439	1,321,841
	4,047,439	**1,321,841**

38 FINANCIAL RISK MANAGEMENT

The activities of the entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

(a) Foreign Exchange Currency Risk

The entity does not engage in foreign currency transactions.

(b) Price risk

The entity is not exposed to price risk.

(c) Interest Rate Risk

As the entity has no significant interest-bearing liabilities, the entity's income and operating cash flows are less dependent on changes in market interest rates.

The entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute interest bearing liabilities.

The entity did not hedge against any interest rate risks during the current year.

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of customers utilising purchasing and utilising the services of the abattoir, dispersed across different sectors and geographical areas. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the entity effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Board endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection".

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below

The banks utilised by the entity for current and non-current investments are all listed on the JSE (First National Bank, Investec and Nedbank (bank account closed during the year)). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows.

	2016 R	2015 R
Receivables from exchange transactions	1,600	3,497
Receivables from non-exchange transactions	875,729	498,420
Cash and Cash Equivalents	30,240,288	29,934,387
	31,117,617	30,436,304

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2016	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
Long Term liabilities - Finance Lease Liability	-	-	-	-
Capital repayments	-	-	-	-
Interest	-	-	-	-
Trade and Other Payables	2,917,756	-	-	-
Unspent conditional government grants and receipts	452,730	-	-	-
	3,370,486	-	-	-

2015	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
Long Term liabilities - Finance Lease Liability	39,973	-	-	-
Capital repayments	39,973	-	-	-
Interest	-	-	-	-
Trade and Other Payables	2,352,483	-	-	-
Unspent conditional government grants and receipts	6,466,961	-	-	-
	8,859,417	-	-	-

39 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the entity are classified as follows:

39.1 Financial Assets	Classification	2016 R	2015 R
Investments			
Fixed Deposits	Financial instruments at amortised cost	-	-
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	1,600	3,497
Receivables from non-exchange transactions	Financial instruments at amortised cost	875,729	498,420
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	29,104,281	28,567,899
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	1,126,334	1,364,452
Cash Floats and Advances	Financial instruments at amortised cost	9,673	2,036
		31,117,617	30,436,304

SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost		31,117,617	30,436,304
At amortised cost		**31,117,617**	**30,436,304**

39.2 **Financial Liability** **Classification**

Long-term Liabilities			
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	366,938	165,749
Other	Financial Instruments at amortised cost	343,264	8,503
Other Payables			
Government Subsidies and Grants	Financial instruments at amortised cost	452,730	6,466,961
Current Portion of Long-term Liabilities			
Capitalised Lease Liability	Financial instruments at amortised cost	-	(39,973)
		1,162,932	**6,601,240**
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		**1,162,932**	**6,601,240**

These financial instruments are contracted to mature in one year or less after the balance sheet date.

40 EVENTS AFTER THE REPORTING DATE

The Entity registered with the Companies and Intellectual Property Commission (CIPC), as a State Owned Company with on 23 June 2016. Conversion from a Service Utility to a State Owned Company became effective on 13 August 2016. A Council Resolution has been taken to disestablish Kei Fresh Produce Market an incorporate it under Ntinga.

- Kei Fresh Produce Market NPC, and entity of OR Tambo District Municipality is in the process of dis-establishment. Its assets and liabilities with be transferred to Ntinga.

- The litigation matter involving Delta Property Fund Limited is being withdrawn. Parties are nogotiating an out of court settlement. Settlement negotiations entail each party assuming responsibility for its costs The Entity will be refunded its rental deposit including interest earned.

41 IN-KIND DONATIONS AND ASSISTANCE

Internal auditor seconded from the O. R. Tambo District Municipality Office accommodation is provided by O. R. Tambo District Municipality at no cost.

42 LITIGATIONS AND CONTINGENT LIABILITY

	2016 R	2015 R
Delta Property Fund Limited is claiming an amount of R410,460 from the agency regarding a lease agreement for premises the agency previously used. The new Property owner, Motseng Investment Holding is demanding a payment of R1 393 578.86 for breach of contract and payment of R410 469.51 for payment of notice period. The matter is being defended by the Entity	410,460	410,460
The Entity filed a criminal case against an employee at Ikwezi Dairy Farm. The concerned employee won the internal case. The matter is being handled by the South African Police Services. The second employee who was implicated in the case resigned. In 2014/2015 the amount was erroneously disclosed as R120 495	59,715	59,715
There is a matter brought by the Department of Correctional Services alleging that their pigs that were brought for slaughter at the abattoir were not returned in full. The Entity is awaiting for the formal withdrawal of the matter by the complainant.	5,361	5,361
The entity appointed a consultant for water and sanitation social facilitation for R279 840 It was later discovered the project for which the consultant was appointed had already been implemented by the parent municipality. The consultant is still holding an appointment letter issued by the entity. However, no claim has been lodged against the entity Previously, this amount was erroneously disclosed as R349 800 which includes 20% as a portion that belongs to the enity.	-	120,495
The Entity is a defendant on a matter involving one of its employees. The matter involved a motor vehicle accident and the affected employee has not accepted responsiblity.	34,845	78,685

43 RELATED PARTIES

43.1 Related Party Loans

No loans to or from related parties

43.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 19 to the Annual Financial Statements.

43.3 Other related party transactions

Sales made by the entity:		
Kei Fresh Produce Market	-	-
Outstanding balance included in receivables		
Kei Fresh Produce Market	-	17,544
Outstanding balance included in payables		
Kei Fresh Produce Market	39,299	-
Grants paid		
Kei Fresh Produce Market	5,400,000	3,325,656

Nature of related party relationship with Kei Fresh Produce Market (KFPM)

The grant that KFPM receives from O.R. Tambo District Municipality is paid via Ntinga. Ntinga staff is sometimes seconded to KFPM. Ntinga makes use of KFPM facilities at no cost at times.

Grants received		
O.R. Tambo District Municipality	36,185,216	38,870,521

The above amount include a grant that O.R. Tambo D.M. pays to the Entity for operations at Adam Kok Farms. Farm Assets belong to O.R. Tambo D.M. and Ntinga is responsible for operations.

In-kind donations and assistance

O. R. Tambo District Municipality provides internal audit services to the entity. There is an official that is seconded to the entity on a full time basis. Office accommodation is provided by O. R. Tambo District Municipality at no cost.

Supply of water and sanitation services to Umzikantu Abattoir and Ikhwezi Dairy Farm

- Value of services provide

- Interest charged on overdue accounts

Supply of Water and Sanitation Services to Umzikantu Abattoir and Ikwezi Dairy Farm		
Water and Sanitation	40,019	74,307

The O.R. Tambo D.M. charges interest on over-due account balance.

43.4 Nature of related party relationship

O.R. Tambo District Municipality is the parent entity of the entity

There is common control by OR Tambo District Municipality over Kei Fresh Produce Market NPC and Ntinga

Related party transactions were undertaken at arms length.

44 FINANCIAL SUSTAINABILITY

The are no indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption.

Financial Indicators

The entity has a very healthy current ratio of 4.53 1. Own revenue has increased.

45 Going concern

The Entity's mandate has been extended giving it more responsibilities to perform on behalf of the parent municipality. The Entity has already been appointed by the parent municipality to perform social facilitation and management of water schemes operators. Strategy intended to turn assets such as Adam Kok farms, dairy farm and abattoir into profit making assets is being developed. 2016/2017 grant allocation from the parent municipality has increased when compared with the 2014/2015 financial year

APPENDIX A - Unaudited
NTINGA O. R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Transferred to owned assets	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Transferred to owned assets	Impairment	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	R	R
Land and Buildings	2,217,707	-		-	2,217,707	793,801	63,804		-	-	857,605	1,360,102
Land	116,000	-		-	116,000	-	-		-	-	-	116,000
Buildings	2,101 707	-		-	2,101 707	793,801	63,804		-	-	857,605	1,244,102
Lease Assets	91,147	-	(91,147)	-	-	19,142	-	(19,142)	-	-	-	-
Computer Equipment (Lease)	-	-		-	-	-	-		-	-	-	-
Office Equipment (Lease)	91,147	-	(91,147)	-	-	19,142	-	(19,142)	-	-	-	-
Other Assets	10,549,309	330,387		1,481,558	9,478,285	7,513,653	1,130,478		-	1,350,883	7,312,390	2,166,895
Office Equipment	429,190	61,216	91,147	15,897	565,655	306,105	106,239	19,142	-	14,306	417 179	148,477
Furniture & Fittings	828,677	30,260		212	858,725	682,104	40,182		-	191	722,096	136,629
Tractor and other farming equipment	2,284,009			157,500	2,126,509	1,502,068	294,223		-	141 750	1,654,561	471,948
Motor vehicles	3,038,866			1,136,884	1,901,982	2,073,704	310,711		-	1,023,196	1,361,219	540,763
Plant and equipment	2,621,608	76,290		181,065	2,716,833	2,201,446	216,476		-	171,439	2,246,483	472,350
Computer Equipment	1,120,624	160,622		-	1,281,246	724,505	162,646		-	-	887 151	394,094
Network Hardware	26,335	-		-	26,335	23,701			-	-	23,701	2,634
Transferred to non current held for sale	-	-		-		-	-		-	-	-	-
	12,858,163	330,387		1,481,558	11,696,992	8,326,596	1,194,282		-	1,350,883	8,169,995	3,526,997

30 JUNE 2015

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Transferred to owned assets	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Transferred to owned assets	Impairment	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	R	R
Land and Buildings	2,467,707	-		250,000	2,217,707	730,456	63,345		-	-	793,801	1,423,906
Land	366,000	-		250,000	116,000	-	-		-	-	-	116,000
Buildings	2,101,707	-		-	2,101,707	730,456	63,345			-	793,801	1,307,906
Lease Assets	162,742	-	(71,595)	-	91,147	16,695	28,220	(25,773)		-	19,142	72,005
Computer Equipment (Lease)	71,595	-	(71,595)	-	-	13,960	11,813	(25,773)			-	-
Office Equipment (Lease)	91 147	-		-	91,147	2,735	16,407				19,142	72,005
Heritage Assets	-	-		-	-	-	-			-	-	-
Buildings	-	-		-	-	-	-			-	-	-
Other Assets	11,626,095	824,490	71,595	1,972,871	10,549,309	8,499,530	706,862	25,773	-	1,718,512	7,513,653	3,035,656
Office Equipment	455,152	18,783		44,745	429,190	303,303	38,744			35,942	306,105	123,085
Furniture & Fittings	828,647	13,709		13,879	828,677	659,785	34,430			12,111	682,104	146,573
Tractor and other farming equipment	2,829,126	245,083		790,200	2,284,009	1,966,901	216,127			680,940	1,502,068	781,921
Motor vehicles	3,610,885	381,360		953,379	3,038,866	2,677,628	235,338			839,262	2,073,704	965,162
Plant and equipment	2,751,681	89,821		19,894	2,621,608	2,130,422	88,928			17,904	2,201,446	620,162
Computer Equipment	1 124 069	75,734	71,595	150,774	1,120,624	742,530	88,555	25,773		132,353	724,505	396,119
Network Hardware	26,335				26,335	18,961	4,740				23,701	2,634
Transferred to non-current held for sale					-						-	-
	14,256,544	824,490	-	2,222,871	12,858,163	8,246,881	798,427	-	-	1,718,512	8,326,596	4,531,567

APPENDIX B - Unaudited
NTINGA O. R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9 BIOLOGICAL ASSETS

30 JUNE 2016

Reconciliation of Carrying Value	Fair Value			Quantities		
	Cattle R	Sheep R	Total R	Cattle	Sheep	Total
Opening balance	604,575	4,200	608,775	77	3	80
Total movements	20,326	(1,400)	18,926	(9)	(1)	(10)
Acquisitions	152,981	-	152,981	8	-	8
Births	7,500	-	7,500	25	-	25
Deaths	(77,500)	(1,400)	(78,900)	(26)	(1)	(27)
Gains from change in fair value	(2,205)	-	(2,205)	-	-	-
Losses from change in fair value	-	-	-	-	-	-
Disposals	(60,450)	-	(60,450)	(16)	-	(16)
Donations	-	-	-	-	-	-
Closing balance	624,901	2,800	627,701	68	2	70

30 JUNE 2015

Reconciliation of Carrying Value	Fair Value			Quantities		
	Cattle R	Sheep R	Total R	Cattle	Sheep R	Total R
Opening balance	1,061,475	10,100	1,071,575	120	4	124
Total movements	(456,900)	(5,900)	(462,800)	(43)	(1)	(44)
Acquisitions	-	-	-	-	-	-
Births	8,400	-	8,400	14	-	14
Deaths	(161,700)	(3,000)	(164,700)	(19)	(1)	(20)
Gains from change in fair value	-	-	-	-	-	-
Losses from change in fair value	(21,600)	(2,900)	(24,500)	-	-	-
Disposals	(282,000)	-	(282,000)	(38)	-	(38)
Donations	-	-	-	-		-
Closing balance	604,575	4,200	608,775	77	3	80

APPENDIX C - Unaudited
NTINGA O. R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2015	Correction	Balance at 30 JUNE 2015 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2015
LEASE LIABILITY									
Vodacom	9.00%		4/30/2016	39,973	-	39,973	-	39,973	-
Total Lease Liabilities				39,973	-	39,973	-	39,973	-
TOTAL EXTERNAL LOANS				39,973	-	39,973	-	39,973	-

APPENDIX B - Unaudited
NTINGA O.R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF O.R. TAMBO DISTRICT MUNICIPALITY)
PROVINCIAL GAZETTE NO 1603 - 22 SEPTEMBER 2006

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 01 July 2015	Allocation for the year	Receipts for the year	Interest Received	Bank charges	Transfers (to) / from other projects	Grants repaid	Conditions met	Balance 30 June 2016
	R	R	R	R	R	R	R	R	R
Unconditional Grants									
District Municipality Grants									
O.R. Tambo District Municipality - Operations funding	-	-	30,447,290	-	-	-	-	(30,447,290)	-
Total District Municipality Grants	-	-	30,447,290	-	-	-	-	(30,447,290)	-
Conditional Grants									
Government Grants									
DEAT Noqhekwana Project	1,316,379	-	-	36,162	(461)	-	(1,307,366)	-	44,714
DEAT Ndabankulu Project	2,866,937	-	-	81,787	(461)	-	(2,949,153)	-	(890)
Total Government Grants	4,183,316	-	-	117,948	(921)	-	(4,256,519)	-	43,824
District Municipality Project Funds									
O.R. Tambo District Municipality Projects	2,015,631	-	5,737,926		-	243,964		(7,697,171)	300,350
Total District Municipality Grants	2,015,631	-	5,737,926	-	-	243,964	-	(7,697,171)	300,350
Other Grant Providers									
Intergrated Energy Centre	243,964	-	-		-	(243,964)		-	-
Anglo Gold Ashanti	24,050	-	263,158	-		-	-	(178,651)	108,557
Total Other Grant Providers	268,014	-	263,158	-	-	(243,964)	-	(178,651)	108,557
Total	**6,466,961**	**-**	**36,448,374**	**117,948**	**(921)**	**-**	**(4,256,519)**	**(38,323,113)**	452,730